MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2015/2016

DMG5038 – MANAGEMENT ACCOUNTING

(For Diploma Students Only)

02 JUNE 2016
9.00 A.M – 11.00 A.M
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with 4 questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Part A

	Account Balances
Finished Goods Inventory, December 31	RM42,000
Factory Supervisory Salaries	12,000
Income Tax Expense	18,000
Raw Materials Inventory, December 1	12,000
Work In Process Inventory, December 31	15,000
Sales Salaries Expense	14,000
Factory Depreciation Expense	8,000
Finished Goods Inventory, December 1	35,000
Raw Materials Purchases	95,000
Work In Process Inventory, December 1	20,000
Factory Utilities Expense	6,000
Direct Labour	70,000
Raw Materials Inventory, December 31	19,000
Sales Returns and Allowances	5,000
Indirect Labour	21,000

Required:

From the account balances listed above, prepare a schedule of cost of goods manufactured for Sun Manufacturing Company for the month ended December 31, 2015. (15 marks)

Part B

Required:

(a) Describe the **FIVE (5)** features of management accounting. (5 marks)

(b) Identify the **THREE (3)** broad functions of management. (3 marks)

(c) Explain the difference between a merchandising and a manufacturing Statement of Financial Position. (2 marks)

[TOTAL 25 MARKS]

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QUESTION 2

Part A

Mimi Rahayu and Associates, a law firm, employs Activity Based Costing. The following budgeted data for each of the activity cost pools is provided for the year 2015.

Activity Cost Pools	Estimated Overhead	Expected Use of Cost Drivers per Activity
Researching legal issues	RM31,500	900 research hours
Meeting clients	RM1,760,000	8,800 professional hours
Preparing legal documents	RM480,000	30,000 pages

During 2015, the firm researched on legal issues, 660 research hours, prepared 25,000 legal document pages, and met with clients for 10,000 professional hours.

Required:

Compute the total overhead applied for 2015 using Activity Based Costing.

(13 marks)

Part B

Steven Inc. makes student book bags that sells for RM20 each. For the coming year, management expects fixed costs to be RM225,000. Variable costs are expected at RM15 per unit.

Required:

For the coming year, compute the:

(a) Break-even sales in Ringgit Malaysia (RM) using the mathematical equation method. (3 marks)

(b) Break-even sales in Ringgit Malaysia (RM) using the contribution margin ratio method. (3 marks)

(c) Margin of safety ratio assuming actual sales are RM1,200,000. (3 marks)

(d) Sales required to earn a net income of RM150,000 using the mathematical equation method. (3 marks)

[TOTAL 25 MARKS]

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QUESTION 3

Part A

Clara Company manufactured 6,000 units of a component part used in its product and incurred the following costs:

Direct materials	RM35,000
Direct labour	15,000
Variable manufacturing overhead	10,000
Fixed manufacturing overhead	20,000
	RM80,000

Another company has offered to sell the same component part to Clara company for RM13 per unit. Should Clara Company accept the offer, the fixed manufacturing overhead which consists mainly of depreciation on the equipment used to manufacture the part would not be reduced. If the component part is purchased from the outside firm, Clara Company has the opportunity to use the factory equipment to produce another product which is estimated to have a contribution margin of RM22,000.

Required:

(a) Prepare an incremental analysis report for Clara Company on this make or buy decision. (12 marks)

(b) Should Clara Company buy from the outside firm? Explain. (2 marks)

Part B

Identify the **THREE (3)** relevant costs in a make or buy decision. (3 marks)

Part C

Peter Enterprise produces giant stuffed bears. Each bear incurs RM12 of variable costs and RM9 of fixed costs. The bears sell for RM45 each. A wholesaler offers to buy 8,000 units at RM14 each, of which Peter Enterprise has the capacity to produce. Peter Enterprise will incur extra shipping costs of RM1 per bear for the special offer.

Continued.....

Required:

Determine the incremental income or loss that Peter Enterprises would realise by accepting the special order. (8 marks)

[TOTAL 25 MARKS]

QUESTION 4

Part A

Medina Pharmaceutical developed the following standard costs for its product in 2015:

	Standard Cost Card	Unit Standard Cost
Direct materials	1.2 kilograms @ RM2 per kilogram	RM 2.40
Direct labour	0.25 hour @ RM12 per hour	3.00
Manufacturing overhead		
Variable	0.4 hours @ RM3 per hour	1.20
Fixed	0.5 hours @ RM4 per hour	2.00
		RM8.60

The company planned to work 2,725 direct labour hours and produce 10,900 units of product in 2015. Actual results for 2015 are as follows:

- 11,000 units of product were produced.
- Actual direct materials purchased and used during the year amounted to 13,750 kilograms at a cost of RM28,875.
- Actual direct labour costs were RM33,320 for 2,800 direct labor hours worked.
- Total actual manufacturing overhead incurred amounted to RM35,740.

Required:

Calculate the following variances and show all computations to support your answers. Indicate if the variances are favourable (F) or unfavourable (U).

(a) Direct materials price variance. (3 marks)

(b) Direct materials quantity variance. (3 marks)

(c) Direct labour price variance. (3 marks)

(d) Direct labour quantity variance. (3 marks)

(e) Total overhead variance. (2 marks)

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Part B

Eric Electronics Inc. produces and sells two models of pocket calculators, XQ-103 and XQ-104. The calculators sell for RM15 and RM25, respectively. Because of the intense competition Eric Electronics faces, management sales budgets are prepared quarterly. Its projections for the first two quarters of 2015 are as follows.

	Unit Sales	
	Quarter	Quarter
Product	1	2
XQ -103	20,000	22,000
XQ -104	12,000	15,000

No changes in selling prices are anticipated.

Required:

Prepare a sales budget for the two quarters, ending June 30, 2015. The sales budget should clearly present the quarterly and total sales projections for both models comprehensively. (11 marks)

[TOTAL 25 MARKS]

[GRAND TOTAL 100 MARKS]

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